



March 20, 2006

Mr. William Donald Schaefer
Maryland State Comptroller
Maryland State Retirement and Pension System
120 East Baltimore Street
Baltimore, MD 21202

Mr. Kevin O'Keefe
Chairman
Maryland Higher Education Commission
839 Bestgate Road, Suite 400
Annapolis, MD 21401

Mr. David Nevins
Chairman, Board of Regents
University System of Maryland
3300 Metzerott Road
Adelphi, MD 20783

Gentlemen:

Under current U.S. policy, American companies are barred from doing business with the Sudan, as mandated by Executive Order on November 3, 1997. On November 2, 2005, consistent with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), President Bush extended the national emergency in respect to the Sudan, which blocks the import of Sudanese government property and prohibits all business transactions with this country.

I have recently been made aware that the Maryland State Retirement and Pension System (MSRPS) has over \$16 billion in five commingled funds, and \$9 billion in fourteen separately managed accounts, which may hold securities invested in companies engaged in business dealings with the Government of Sudan. I understand that the MSRPS has diverse holdings in these funds that include non-US companies that have business relationships in Sudan.

I am deeply troubled that the MSRPS and other funds have invested in companies that are of concern to the United States government for engaging in business with or having business ties to Sudan and Darfur.

The current situation in Sudan can only be described as extremely contrary to U.S. foreign policy and humanitarian objectives. Sudan is a U.S. federally designated terrorist-sponsoring country, currently involved in some of the most egregious human rights violations our nation has ever been witness to. Human slavery, mutilations, rape, homelessness, death by starvation and outright killings of non-Arab Black Africans in Darfur, at the direction of the Sudanese government can only be described as “genocide”. I cannot stand-by and watch the state of Maryland *implicitly* further or condone these atrocities as a result of an investment strategy predicated on diversification.

Therefore, I have requested that the MSRPS immediately begin divesting Maryland pension funds from companies doing business with the Government of Sudan in the following industries: Aerospace and Defense, Communications, Oil and Gas. In addition, the system should move immediately to monitor future investment decisions to ensure that no new business is conducted with the Government of Sudan. The State of Maryland will continue to monitor the tumultuous domestic situation in Sudan. If the humanitarian conditions in Sudan do not improve within one year, all remaining Maryland funds should be divested from industries that are profit centers for the Sudanese government.

I am also requesting that the Maryland Higher Education Commission (MHEC), the University System of Maryland (USM), including all private colleges and universities, move immediately on developing a strategy to divest State funds and private endowments from companies with business ties to the Government of Sudan.

Members of the Maryland state executive and legislative bodies must remain cognizant of the potential negative impact that the embroiled domestic situation in Sudan can have on the economic stability of Maryland pension funds. Delegate Salima Marriott has introduced H.B. 1001 – Divestment from the Republic of Sudan, and I am supportive of her efforts to bring attention to this important matter through the legislative process.

This is a time of unprecedented challenge and opportunity for the State of Maryland. The moral compass of the great people of this State will not tolerate the “quiet” support of the hideous human rights violations and heartless genocide taking place in Sudan, through the investment of their pension funds. Maryland has to be on the right side of history with this decision – “Divestment” is a responsible solution to correcting this unintended wrong.

Respectfully,

A handwritten signature in cursive script that reads "Michael S. Steele". The signature is written in dark ink and is positioned to the left of a vertical line.

Michael S. Steele
Lt. Governor

Cc:
Hon Robert L. Ehrlich, Jr.
Hon. Nancy K. Kopp
Mr. Thomas Lee
Mr. William Kirwan
Dr. Calvin W. Burnett